

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



**CORRECTED
FISCAL NOTE**

SB 607 - HB 761

March 8, 2011

SUMMARY OF BILL: Requires every individual and group health insurance policy delivered, issued, or renewed on or after January 1, 2012, to provide coverage up to \$1,000 per individual hearing aid per ear every three years for every child under the age of 18 who is covered as a dependent. The insured individual may choose a hearing aid that exceeds \$1,000 and pay the amount greater than the covered amount. A new hearing aid suitable to the child's hearing needs will be covered before the end of the three-year period if an audiologist or physician certifies that the child's hearing loss has become significantly worse.

ESTIMATED FISCAL IMPACT:

On March 1, 2011, a fiscal note was issued estimating a fiscal impact as follows:

Decrease State Expenditures - \$68,000

Increase Local Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would not result in a significant increase in the cost of health insurance premiums for plans that do not cover hearing aids for individuals under the age of 18.

Due to an incorrect assumption about the number of children served by the Department of Health and the amount of assistance provided, this impact was in error. Based upon additional information provided by the Department, the estimated impact is:

(CORRECTED)

Decrease State Expenditures - \$48,000

Increase Local Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would not result in a significant increase in the cost of health insurance premiums for plans that do not cover hearing aids for individuals under the age of 18.

SB 607 - HB 761 (CORRECTED)

Assumptions:

- The provisions of the proposed legislation will become effective January 1, 2012.
- The Department of Health's Children's Special Services (CSS) Program is a payer of last resort for services that other providers have been billed and denied the claim.
- Currently, the CSS program is paying for approximately 90 enrollees that have hearing aids and private insurance. CSS pays approximately \$800 per hearing aid per year. Hearing aids are replaced approximately every three years due to the child's hearing needs changing.
- If private insurance is required to cover hearing aids, the Department of Health will no longer have to cover the cost of the devices resulting in a recurring decrease in state expenditures of \$48,000 [(90 enrollees x \$800 per hearing aid x 2 hearing aids) / 3 years].
- The TennCare program covers hearing aids for enrollees under the age of 21. There would not be a fiscal impact to the TennCare program.
- The Department of Commerce and Insurance will not incur a significant increase in expenditures to regulate the mandated coverage. Any cost can be accommodated within existing resources without an increase appropriation or reduced reversion.
- The mandate will not apply to the State Employee, Local Government, and Local Education Health Plans.
- Any local government that does not opt into the state employee health plan may incur an increase in expenditures if hearing aids for individuals under the age of 18 are not a covered benefit. Any increase is estimated to be not significant.
- Private health insurance impact: Most private health insurance plans currently cover hearing aids for individuals under the age of 18. For plans required to add hearing aid coverage, the number of hearing aids will not be substantial enough to have any significant impact on premiums.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kml